

SUMMARY ANALYSIS OF AMENDED BILL

Author: Hancock, et al. Analyst: Deborah Barrett Bill Number: AB 583
 Related Bills: See Prior Analysis Telephone: 845-4301 Amended Date: August 19, 2008
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Voters Fair Elections Fund

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED August 12, 2008,

X STILL APPLIES.

OTHER – See comments below.

SUMMARY

This bill would, upon voter approval in 2010, establish the California Fair Elections Act of 2008. This bill would also establish the Voters Fair Elections Fund (Fund) and place the Voters Fair Elections Fund as a voluntary contribution fund on the personal income tax (PIT) return.

Only provisions of the bill impacting Franchise Tax Board are discussed in this analysis.

SUMMARY OF AMENDMENTS

The August 19, 2008, amendments would do the following:

- Change the name of the voluntary contribution Fund.
- Repeal provisions in the Government Code related to lobbyist fees.
- Revise Intent language.
- Redefine appropriate expenditures of campaign funds.
- Increase the base amount funding for eligible candidates.

Board Position:

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Asst. Legislative Director

Date

Patrice Gau-Johnson

8/25/08

The "This Bill" discussion has been revised. The remainder of the department's analysis of the bill as amended August 12, 2008, still applies.

POSITION

Pending.

THIS BILL

This bill would repeal a provision of state law that prohibits public officers and candidates from expending public funds for the purpose of seeking public office. This bill would establish the California Fair Elections Act of 2008 as a pilot project for a voluntary system of public financing political campaigns for Secretary of State (SOS).

This bill would provide public financing under specified circumstances to candidates for the office of SOS that with exceptions for small contributions, promise not to raise funds privately. Candidates who do not want to adhere to these requirements would continue to be subject to existing contribution limits.

This bill would create the Fair Elections Fund (FEF) and starting January 1, 2011, after approval by the voters, would transfer an annual amount, subject to a future appropriation by the Legislature, from the General Fund to the FEF. These funds would be use for the purpose of public financing of campaigns and to fund the administrative and enforcement costs of the act.

The bill would set requirements for candidates and political parties relating to fund raising and expenditures of funds. Candidates would be required to participate in at least one debate during primary elections,

The provisions governing the funds and campaign financing would be in effect until January 1, 2019, and as of that date would be repealed unless a later enacted statute that is enacted before January 1, 2019, deletes or extends that date.

This bill would establish the Voters Fair Elections Fund (Fund) as a voluntary contribution fund. Taxpayers would be able to designate their own funds in excess of tax liability, for contribution to the Fund on their PIT returns in full dollar amounts of \$1 or more. Each signatory on a joint return may make the contributions individually. The designations for any taxable year must be made on the original return for the taxable year and, once made, are irrevocable. A deduction, subject to the itemized deduction rules applicable to individuals, would be allowed for a contribution made pursuant to this bill.

This bill would specify that if the taxpayer's payments and credits reported on the PIT return fail to exceed the tax liability, the designation on the return would be treated as if no designation has been made.

This bill would require Franchise Tax Board (FTB), when another voluntary contribution fund is removed from the return, to revise the tax return to include a designation space for the Fund. The bill would also require revisions to the instructions specifying that the contribution may be in the amount of \$1 which would be used to provide public funding for the campaigns of qualified candidates for Secretary of State who agree to take no private moneys for their campaigns.

FTB would be required to notify the Controller of both the amount of moneys paid by taxpayers in excess of their tax liability and the amount of refund moneys which taxpayers have designated to be transferred to the Fund. The Controller would be required to transfer from the PIT fund to the Fund an amount not in excess of the sum of the amounts designated by the individuals for payment into that fund. Upon appropriation by the Legislature, the monies from this fund would be allocated as follows:

1. To the FTB and the Controller for reimbursement of costs incurred in administering the Fund.
2. To the Fair Elections Fund established under the Government Code.

Beginning with contributions made in the second calendar year the fund appears on the return, this bill would require the Fund to meet a minimum contribution amount for each calendar year. The "minimum contribution amount for a calendar year" is defined as \$250,000 for the second calendar year after the fund appears on the return or an amount adjusted for inflation for contributions made in subsequent years. The law authorizing designations to this fund would be repealed if contributions made under this bill fail to meet the minimum contribution amount.

This bill would require FTB to do the following by September 1 of the second calendar year the fund appears on the return and by September 1 of each subsequent calendar year that the Fund appears on the tax return:

- Determine the minimum contribution amount required to be received during the next calendar year for the fund to remain on the return.
- Provide written notice to the Fair Political Practices Commission of the minimum contribution amount required for the next calendar year.
- Determine if the amount of contributions estimated to be received during the current calendar year will equal or exceed the minimum contribution amount required for that calendar year.

Beginning with the third calendar year that the fund appears on the return, FTB would be required to adjust the minimum contribution amount as indexed for inflation by September 1 of each calendar year.

If the Fund first appeared on the PIT return for the 2010 taxable year, it would remain on the PIT return until January 1, 2015, in this case the PIT return for the 2014 taxable year, unless a later enacted statute deletes or extends that date, and provided that it meets the annual minimum contribution requirement.

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